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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Billed Party Preference) CC Docket No. 92-77
for 0+ InterLATA Calls) Phase I

COMMENTS OF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company (SWBT) submits these
Supplemental Comments in the above proceeding.

I. INTRODUCTION

In this phase of this docket, the Commission has decided not to adopt various proposals that would cause proprietary calling cards to be considered "public domain" if such cards are used on a 0+ basis. Instead, the Commission has decided that "the interests of AT&T cardholders and the public in effective competition for operator services are best served through prompt imposition of comprehensive consumer education requirements on AT&T."¹ For reasons previously stated in this docket, SWBT agrees with the Commission, provided that certain specific information is included in AT&T's consumer education.

In addition, the Commission seeks "further comment on methods for compensating operator service providers who continue to receive 0+ dialed proprietary card calls and who wish to transfer

¹ Report and Order and Request for Supplemental Comment (Order), CC Docket No. 92-77, released November 6, 1992, para. 56.

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those calls to the card issuer for completion."² SWBT's views on transfer arrangements are detailed below.

II. AT&T'S CONSUMER EDUCATION REQUIREMENTS

The Commission has required AT&T to: "(1) educate its cardholders to check payphone signage and to use 0+ access only at phones identified as presubscribed to AT&T; (2) provide clear and accurate access code dialing instructions on every proprietary card issued; and (3) make its 800 access code number easier to use."³ The Commission believes that these and other actions "should make away-from-home calling more user-friendly in the near term," and that "these results can be obtained without forcing a change in the dialing habits of AT&T cardholders."⁴

AT&T also must file a compliance plan. Authority to approve the plan has been delegated to the Common Carrier Bureau. SWBT wishes to remind the Commission that local and intraLATA calls that are to be charged to AT&T proprietary cards can continue to be made on a 0+ basis from virtually every phone in the nation, whether the phone is presubscribed to AT&T or to some other carrier.⁵ In keeping with the Commission's objectives of not

² *Id.*, para. 64.

³ *Id.*, para. 57.

⁴ *Id.*, para. 56.

⁵ AT&T Direct Case, DA 91-1583, January 30, 1992. AT&T has approximately 1100 mutual honoring agreements with Local Exchange Carriers across the country. SWBT is one of the 1100 companies having mutual honoring agreements with AT&T. SWBT also continues to be willing to enter into mutual honoring agreements with other IXCs that may issue 0+ calling cards.

"forcing a change in the dialing habits of AT&T cardholders," SWBT believes that this important point should be incorporated into AT&T's education materials. The determining factor for how consumers should dial is not merely whether the phone is presubscribed to AT&T but also whether calls are within the local and long-distance service areas of Local Exchange Carriers (LECs). AT&T's educational materials should address this issue to minimize inconvenient, confusing and misleading information to customers.

III. TRANSFER OF CALLS TO CARD ISSUER

Several commentators have cited the inability to recover costs as a reason why the Commission should require proprietary card issuers with 0+ access dialing capabilities to make available their validation and billing information. The Commission has declined to adopt this requirement but has requested additional information on the technical and business arrangements necessary to allow proprietary card calls to be transferred by another interexchange carrier (IXC) operator service provider (OSP) to the IXC card issuer. SWBT has no objection to such arrangements between and among IXCs but does not believe LECs can or should be involved.

Capital Network Systems (CNS) has previously proposed a tariff designed to permit cost recovery by IXC OSPs for transfer of proprietary card calls to the card issuer.⁶ The proposed tariff was

⁶ Transmittal No. 1, Tariff FCC No. 2, June 13, 1991.

was rejected,⁷ as was CNS's Application for Review.⁸ CNS has stated that the proposed tariff would have transferred such calls to the LEC providing service to the area of call origination, with the assumption that such calls would be then transferred by the LEC to the proprietary card issuer. This arrangement was apparently proposed to avoid "splashing"⁹ concerns. However, for the reasons cited below, SWBT does not believe that LECs should be included in such transfer arrangements.

1. The arrangements proposed by CNS would potentially require three operators. Only two would be needed if LEC operators are excluded.

2. Not all LECs provide 0- transfer service. Those with such service do not necessarily provide it in the same manner. Some LECs base transfers on calling customer decisions, while others transfer to the IXC to which the line is presubscribed (which may not be the card issuer). LECs do not offer a national, uniform, effective service solution.

3. Not all OSPs have expressed the ability or willingness to transfer on a basis that would avoid "splashing." SWBT is not aware of a universally available, efficient and economic technical

⁷ Memorandum Opinion and Order, DA 91-1150, released September 10, 1991.

⁸ Memorandum Opinion and Order, FCC 92-512, released December 2, 1992.

⁹ Call splashing is defined in Section 226(a)(3) of the Communications Act as the transfer of a call from one OSP to another such that the subsequent provider is unable or unwilling to determine the location of the call's origin and thus cannot bill the call on that basis.

solution by LECs that would address the issues resulting from "splashing."

4. LEC network resources would be unnecessarily "held-up" for the entire length of each call. Call processing times would also increase. This can be avoided or minimized by direct connect/transfer arrangements between IXC OSPs and proprietary card issuers.

5. Combined cost recovery by the transferring IXC OSP and LEC could make the service "cost prohibitive" to the proprietary card issuer. The transfer tariff rate proposed by CNS (\$1.50) plus SWBT's present transfer rate (\$0.30) would equal \$1.80 to the IXC card issuer for the transfer service alone, raising commercial viability questions.

SWBT, as noted above, has no objection to direct transfer arrangements between and among IXC OSPs and proprietary card issuers, provided that IXC OSP cost recovery is the same as that allowed LECs for such services.


IV. CONCLUSION

For the reasons discussed above, SWBT believes that LECs should not be included in the transferring of proprietary card calls from an IXC OSP to the card issuer. SWBT also believes that AT&T should be required to advise customers that local and

intraLATA calls billed to AT&T proprietary cards can continue to be made on a 0+ basis from virtually every phone in the nation.

Respectfully submitted,

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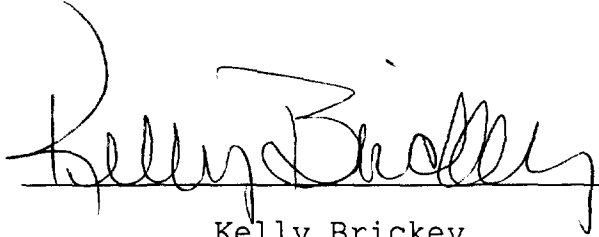
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CERTIFICATE OF SERVICE

I, Kelly Brickey, hereby certify that the foregoing "Comments of Southwestern Bell Telephone Company" in Docket CC 92-77 has been served this 11th day of December, 1992 to the Parties of Record.


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